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STEFANIE A. BRAND
Director

August 13, 2010

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation-WC Docket No. 05-337, WC Docket No. 06-122, CC Docket No. 96-45

Dear Secretary Dortch:


On August 13, 2010, Stefanie A Brand, Paul Flanagan and Christopher White of the New Jersey Division of Rate Counsel ("Rate Counsel") had a telephone conference call with Vickie S. Robinson, Carol Pomponio, and Claudia Fox of the Wireline Competition Bureau to discuss matters pertinent to the universal service contribution methodology and contribution base.

Rate Counsel reiterated the points made in its prior submissions in various proceedings, including the above-referenced proceedings, addressed in the discussion points attached hereto.

Please contact the undersigned if you have any questions regarding this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 
Deputy Rate Counsel

Cc: by e-mail to Vickie S. Robinson
Carol Pomponio
Claudia Fox

DISCUSSION POINTS FOR FCC CALL ON CONTRIBUTIONS

- Prompt USF reform will reduce the burdens on consumers and reduce the size of the fund.¹
- High-cost support transition to support broadband should be accompanied with contributions from broadband (which has not been the case since declared information services).²
- USF funding shift to broadband is necessary to provide affordable broadband to all.³
- USF reform and intercarrier compensation reform are linked and should proceed together.⁴
- The Subscriber Line Charge should not be increased, a numbers based contribution proposal is flawed, and broadband internet access providers should pay USF. Separation reform needs to be addressed.⁵
- High cost support should be eliminated for Bell Operating Companies.⁶

¹ Rate Counsel's Comments dated January 28, 2010 in 05-337 and 96-45.

² Id. See also Rate Counsel's Comments dated June 8, 2009 in the National Broadband Plan, 09-51 related to support of broadband through USF.

³ Id.

⁴ Rate Counsel's Comments dated November 26, 2008 in 05-337, 96-45, 02-109, 06-122, 99-200, 96-98, 01-92, 99-68, 04-36; Rate Counsel's Reply Comments dated December 18, 2008 in these dockets.

⁵ Id.

⁶ Id.

- Numbers based contribution method would assess all lines equally, regardless of the size of the consumer bill and the level of interstate usage. The current revenue based contribution methodology is more equitable because it relies on the total revenues derived from the consumer as basis of assessment. Low-use consumers are assessed a lower amount than are high-use consumers, an outcome consistent with the goal of affordable rates.⁷
- USF programs impact consumers in that increases to the size of USF, i.e., increasing USF fees on consumer bills, threatens affordability of basic services, especially in a state like New Jersey where carriers receive no non-rural high cost support yet consumers continue to pay increasing USF fees.⁸ This impact would be lessened by assessing broadband services of telephone and cable companies.
- See National Association of State Utility Consumer Advocates' Ex Parte dated August 5, 2008 in WC Dockets Nos. 06-122 and 05-337 and CC Docket No. 96-45 responding to arguments made by BT Americas against the current revenue-based USF contribution mechanism.

⁷ Id.

⁸ Rate Counsel's Reply Comments dated June 2, 2008 in 05-337, 96-45; Rate Counsel's Comments dated May 8, 2009 in 05-337, 96-45.